

Message Text

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21

ACTION COME-00

INFO OCT-01 EUR-25 ISO-00 AID-20 CIAE-00 EB-11 FRB-03

INR-11 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12 SP-03

CIEP-03 LAB-06 SIL-01 OMB-01 NSC-07 SS-20 STR-08

CEA-02 PA-04 PRS-01 USIA-15 DRC-01 /163 W

----- 031092

R 050612Z SEP 74

FM AMEMBASSY WARSAW

TO SECSTATE WASHDC 1004

INFO AMEMBASSY LONDON

AMEMBASSY MOSCOW

AMEMBASSY VIENNA

LIMITED OFFICIAL USE WARSAW 5328

E.O. 11652: N/A

TAGS: ETRD, EFIN

SUBJECT: MASSEY-FERGUSON CONTRACT WITH POLISH FIRM URSUS

REF: WARSAW 4911

PASS COMMERCE FOR BEWT/LOTARSKI

VIENNA FOR EWTC AND EXIM V.P. DIETZ

1. MASSEY-FERGUSON HAS CONCLUDED A CONTRACT WITH THE
POLISH TRACTOR MANUFACTURING COMBINE URSUS FOR THE
SALE OF TECHNOLOGY AND EQUIPMENT FOR TRACTOR PRODUCTION.
THE CONTRACT IS VALUED AT ABOUT 150 MILLION POUNDS
STERLING. UNDER THE CONTRACT, MASSEY-FERGUSON WILL
UNDERTAKE TO EXPAND THE CAPACITY OF THE URSUS COMPLEX
NEAR WARSAW FROM THE PRESENT 50,000 UNITS PER YEAR TO
ABOUT 100,000 UNITS PER YEAR BY 1980. BY 1980, URSUS
IS TO PRODUCE ANNUALLY 75,000 TACTORS OF UP TO 75
HORSEPOWER TO MASSEY-FERGUSON DESIGN AND SPECIFICATIONS.

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URSUS WILL MAINTAIN AND ECPAND ITS PRODUCTION OF

HEAVIER TRACTORS OF ITS OWN DESIGN, PHASING OUT THOSE LINES WHICH WILL BE REPLACED BY MASSEY-FERGUSON TRACTORS. PRODUCTION WILL BEGIN IN 1978 IN NEW PLANTS TO BE BUILT BY MASSEY-FERGUSON. THE BRITISH FIRM WILL ALSO UNDERTAKE MODERNIZATION OF THE PRESENT URSUS FACILITIES, BUT PRODUCTION IN PRESENT FACILITIES IS TO CONTINUE WITHOUT INTERRUPTION WHILE RECONSTRUCTION PROCEEDS. A SOURCE IN THE MINISTRY OF THE MACHINE INDUSTRY TOLD US THAT THE MASSEY-DESIGNED TRACTORS WILL BE SOLD TO STATE FARMS AND WILL BE AVAILABLE FOR EXPORT. WE HAVE NO INFORMATION ON ANY BUY-BACK OR JOINT MARKETING PROVISIONS IN THE CONTRACT, ALTHOUGH WE PRESUME THEY EXIST. POLISH-DESIGNED TRACTORS WILL CONTINUE TO BE SOLD TO PRIVATE FARMERS.

2. BRITISH EMBASSY SOURCES MAINTAIN THAT CREDIT WAS EXTENDED ON STANDARD ECGD TERM, BUT POLISH SOURCES HAVE GIVEN FIGURES OF "UNDER SEVEN PERCENT", "SIX PERCENT", AND "SIX-AND-ONE-QUARTER PERCENT" FOR A MEDIUM-TERM CREDIT OF 127 MILLION POUNDS STERLING. ACCORDING TO ONE POLISH SOURCE, THE CREDIT TERMS WERE FIXED BEFORE ECGD RATES WERE INCREASED ON JANUARY 1, 1974.

3. A BRITISH EMBASSY SOURCE TOLD US THAT THE CONTRACT DOES NOT PROVIDE FOR CONSTRUCTION OF INFRASTRUCTURE OR AUXILIARY FACILITIES. THE BRITISH FIRM GKN IS BIDDING ON THE FOUNDRY PORTION OF THE PROJECT, PERHAPS WITHIN THE CREDIT PACKAGE EXTENDED TO THE POLES IN CONNECTION WITH THE MASSEY CONTRACT. A SWINDELL-DRESSLER REPRESENTATIVE HAS TOLD US THAT HIS COMPANY IS ALSO INTERESTED IN THE FOUNDRY AND IS ENGAGED IN DISCUSSIONS WITH BOTH THE POLISH IMPORTER AND MASSEY-FERGUSON. OTHER MAJOR INVESTMENT PROJECTS CONNECTED WITH THE DEVELOPMENT OF THE POLISH AGRICULTURAL MACHINERY INDUSTRY INCLUDE A FOUNDRY IN SKLECZKI EQUIPPED BY JAPANESE SUPPLIERS; A 40,000-TON PER YEAR CASTING PLANT TO BE SUPPLIED BY A BRITISH FIRM; A 20,000-TON PER YEAR GALVANIZATION PLANT SUPPLIED BY FRANCE; AND A ROLLER-CHAIN PLANT ON WHICH US FIRMS FMC AND ACME CHAIN ARE CONSIDERING SUBMISSION OF BIDS.

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: NEGOTIATIONS, CONTRACTS, TRACTORS
Control Number: n/a
Copy: SINGLE
Draft Date: 05 SEP 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: golinofr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974WARSAW05328
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D740246-0052
From: WARSAW
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740970/aaaachsk.tel
Line Count: 108
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION COME
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: WARSAW 4911
Review Action: RELEASED, APPROVED
Review Authority: golinofr
Review Comment: n/a
Review Content Flags:
Review Date: 19 MAR 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <19 MAR 2002 by elyme>; APPROVED <16 MAY 2002 by golinofr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: MASSEY-FERGUSON CONTRACT WITH POLISH FIRM URSUS
TAGS: ETRD, EFIN, MASSEY-FERGUSON
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005